

SENT VIA EMAIL TO: HPC-Testimony@mass.gov

October 27, 2023

David Seltz, Executive Director
Commonwealth of Massachusetts
Health Policy Commission
50 Milk Street
Boston, MA 02116

Dear Mr. Seltz:

On behalf of Mass General Brigham Health Plan, I want to thank you for the opportunity to provide written testimony in accordance with the Health Policy Commission's request received on September 29, 2023, as provided for in Massachusetts General Law, chapter 6D §8.

Included with this cover letter is a copy of our Pre-Filed Testimony response in the attached submission template. As a legally authorized and empowered representative of Mass General Brigham Health Plan, I have signed under the penalties of perjury, that the testimony, including **HPC Payer Exhibit 1_Mass General Brigham Health Plan**, is to the best of my knowledge, complete and accurate.

Sincerely,



Alice Moore
Senior Vice President
Legal, Regulatory Affairs & Compliance

AEM

2023 Pre-Filed Testimony PAYERS



As part of the
*Annual Health Care
Cost Trends Hearing*

Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

INSTRUCTIONS FOR WRITTEN TESTIMONY

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2023 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 27, 2023**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's pre-filed testimony responses from 2013 to 2022, if applicable. If a question is not applicable to your organization, please indicate that in your response.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

You are receiving questions from both the HPC and the Office of the Attorney General (AGO). If you have any difficulty with the templates or have any other questions regarding the pre-filed testimony process or the questions, please contact either HPC or AGO staff at the information below.

HPC CONTACT INFORMATION

For any inquiries regarding HPC questions,
please contact:
General Counsel Lois Johnson at
HPC-Testimony@mass.gov or
lois.johnson@mass.gov.

AGO CONTACT INFORMATION

For any inquiries regarding AGO
questions, please contact:
Assistant Attorney General Sandra
Wolitzky at sandra.wolitzky@mass.gov
or (617) 963-2021.

INTRODUCTION

This year marks a critical inflection point in the Commonwealth's nation-leading journey of health care reform. As documented in the [Health Policy Commission's 10th annual Cost Trends Report](#), there are many alarming trends which, if unaddressed, will result in a health care system that is unaffordable for Massachusetts residents and businesses, including:

- Massachusetts residents have high health care costs that are consistently increasing faster than wages, exacerbating existing affordability challenges that can lead to avoidance of necessary care and medical debt, and widening disparities in health outcomes based on race, ethnicity, income, and other factors. These high and increasing costs are primarily driven by high and increasing prices for some health care providers and for pharmaceuticals, with administrative spending and use of high-cost settings of care also contributing to the trend.
- Massachusetts employers of all sizes, but particularly small businesses, are responding to ever-rising premiums by shifting costs to employees through high deductible health plans. As a result, many employees are increasingly at risk of medical debt, relying on state Medicaid coverage, or are becoming uninsured, an alarming signal of the challenges facing a core sector of the state's economy.
- Many Massachusetts health care providers across the care continuum continue to confront serious workforce challenges and financial instability, with some providers deciding to reduce services, close units (notably pediatric and maternity hospital care) or consolidate with larger systems. The financial pressures faced by some providers are driven, in part, by persistent, wide variation in prices among providers for the same types of services (with lower commercial prices paid to providers with higher public payer mix) without commensurate differences in quality or other measures of value.

The HPC report also contains [nine policy recommendations](#) that reflect a comprehensive approach to reduce health care cost growth, promote affordability, and advance equity. The HPC further recommends that legislative action in 2023 and 2024 prioritize modernizing and evolving the state's policy framework, necessary to chart a path for the next decade.

This year's Cost Trends Hearing will focus these policy recommendations and on the efforts of all stakeholders to enhance our high-quality health care system in Massachusetts to ensure that it is also affordable, accessible, and equitable.

ASSESSING EFFORTS TO REDUCE HEALTH CARE COST GROWTH, PROMOTE AFFORDABLE, HIGH-QUALITY CARE, AND ADVANCE EQUITY

- a. Reflecting on the findings of the HPC's 2023 Cost Trends Report showing concerning trends of high and increasing health care costs and widening health disparities based on race, ethnicity, and income, please identify and briefly describe your organization's top 2-3 strategies for reducing health care cost growth, promoting affordability, and advancing health equity for residents of the Commonwealth.

Mass General Brigham Health Plan is committed to promoting access, affordability, and equity for residents of the Commonwealth through our commercial, Medicare Advantage, and Medicaid lines of business. As part of Mass General Brigham's integrated healthcare system, we are working to manage total cost of care while ensuring that residents of the Commonwealth have equitable access to high value care across the spectrum of providers. To this end, our top strategies for reducing healthcare cost growth, promoting affordability and advancing health equity include:

- Continued participation in the range of government-based and commercial markets to ensure affordable, equitable access to high value care, with innovative products to incent appropriate care.
- Partnering with the provider system to expand effective utilization management programs and as well as contracting initiatives.
- Increasing access to behavioral healthcare through innovative solutions.
- Managing prescription drug cost escalation through re-contracting, formulary management, and expanded use of biological equivalents in specialty pharmacy.

Commercial and Public Program Participation

Mass General Brigham Health Plan offers a range of affordable products across commercial and government-based programs. In addition to our commercial business, Mass General Brigham Health Plan has expanded coverage in the government programs, including the launch of Medicare Advantage in January 2023 and implementation of the new MassHealth 1115 waiver with the Mass General Brigham Accountable Care Organization (ACO) in April 2023, covering over 160,000 members. We have been a longstanding participant in the Connector Care programs since its inception and have worked closely with our provider system to provide affordable options for health care consumers. Our comprehensive portfolio of commercial products includes innovative solutions intended to encourage care in the community setting, such as AlliesSM and Easy Tier, as well as reduce barriers to alternatives to opioids for pain management through our Care Complement benefit.

Effective Cost Control Management

We have partnered with Mass General Brigham to increase the affordability of our products through the expansion of utilization management and provider contracting initiatives. Mass General Brigham recently submitted a Performance Improvement Plan (PIP) with the Health

Policy Commission (HPC) and committed to \$176 million in savings by March 2024, accompanied by the continued prioritization of affordable, accessible and equitable care. Mass General Brigham Health Plan has been a significant partner in achieving those savings through implementation of appropriate utilization management and provider contracting initiatives. The goals of these efforts are to provide access to Mass General Brigham providers through MassHealth and ConnectorCare, as well as renew our commitment to meaningful value-based reimbursement strategies for commercial and MassHealth business. In partnership with the HPC, Mass General Brigham has provided detailed reports on the savings that are being achieved. We are proud to be a partner in taking on these challenges.

To promote affordability while enabling seamless access to care, Mass General Brigham Health Plan has evaluated our care management and utilization management programs with a focus on expanding programs that have shown savings.

We continue to improve utilization management criteria and processes to include automation. The goal is to avoid unnecessary care and encourage use of the most appropriate community site of care – whether that is in an outpatient hospital, surgical center, physician’s office, or in the comfort of a patient’s home.

Promoting Equitable Behavioral Health Access

Mass General Brigham Health Plan is committed to addressing the growing need for access to behavioral healthcare services. Focused on prevention, chronic disease management, and social determinants of health, our care management programs comprise multi-disciplinary teams of experts that include nurses, social care managers, behavioral health managers, peer recovery coaches, and medical directors. We are extending this approach into the community through programs such as Your Care Circle, a comprehensive care management program that connects members experiencing a range of complex medical, psychological, and social health challenges with community-based resources. As part of an integrated healthcare system, we also address these challenges through Mass General Brigham’s population health efforts. This includes Mass General Brigham’s Home Hospital program, which delivers high-quality care and recovery support in the convenience of patients’ homes. The use of “hospital at home” services for acutely ill patients has resulted in 20-30% reduction in cost and an improved patient experience. The outcomes have found that at-home patients have had decreased utilization compared to inpatient admissions, increased physical activity, and dramatic decreases in post-acute utilization versus inpatient admissions.

In addition to these efforts, we launched a new, comprehensive behavioral health solution through a partnership with Lyra Health to expand the availability of high-quality mental health services and promote overall health and well-being in 2022. Made available to all commercial members in January 2023, this solution blends in-person, remote, and self-guided services, as well as care coordination for complex mental health needs. Lyra also ensures mental healthcare is more equitable and accessible by removing traditional barriers to care. The company can actively track and prioritize the diversity of their provider network.

More than 42% of Lyra providers identify as Black, Indigenous, People of Color (BIPOC) in comparison to 14% of the American Psychological Association (APA)'s providers in the U.S., 13% are sensitive to/identify as LGBTQ, 16% self-identify as Black/African American in comparison to only 4% of APA providers in the U.S., and more than 80% of Lyra providers are female. Since implementing last year, about 40,000 visits have been booked and over 90% of registered members were able to access care in less than two weeks.

Lastly, Mass General Brigham providers are also rolling out expanded capacity and capabilities for Collaborative Care Management (CoCM), which brings behavioral health treatment into primary care practices. We view this as a great opportunity for our Mass General Brigham ACO members. CoCM is a specific type of integrated care developed at the University of Washington to treat common mental health conditions in medical settings like primary care. Behavioral health conditions such as depression, anxiety, post-traumatic stress disorder, and alcohol or substance use disorders are among the most common and disabling health conditions worldwide. Based on principles of effective chronic illness care, CoCM focuses on defined patient populations who are tracked in a registry to monitor treatment progression. The treatment plan focuses on measurement-based treatment to target and ensure the patient's goals and clinical outcomes are met.

Prescription Drug Cost Management

We acknowledge the longstanding impact of prescription drug costs on healthcare spending and the need to pursue a range of effective management strategies. The growing costs of specialty pharmaceuticals continue to drive both our drug and medical benefit trend. We recognize that many of these new drug therapies hold great promise for our members in terms of their care, but we continue to anticipate increased costs with new therapies, an expansion of indications for existing therapies in the pipeline, and an increase of biologically based treatments and gene therapies in the market.

In recognition of the continued escalation of prescription drug costs and utilization, Mass General Brigham Health Plan is transitioning to Optum Rx as our Pharmacy Benefit Manager, which will enable significant cost savings and an improved experience for our commercial members in 2024. Through this transition, we continue to evaluate our prescription drug formulary to meet customer needs while also addressing cost through prescription drug tiering, utilization management, and preferred strategies. At the same time, we are also reducing member out-of-pocket costs through "no or low cost" generic tier programs, which allow members to access manufacturers' coupons, and resources to educate members and providers on lower cost drug alternatives.

- b. Please identify and briefly describe the top state health policy changes your organization would recommend to support efforts to advance health care cost containment, affordability, and health equity.

Addressing Prescription Drug Prices

Given the ongoing impact of prescription drug costs on healthcare spending, we agree with the HPC's direction to hold drug manufacturers accountable and encourage collaboration on solutions. According to recent estimates, prescription drug costs account for between 18-22% of the premium dollar and continued price increases directly impact premium affordability for employers and consumers.

We are supportive of the following proposal to provide greater transparency, accountability, and equity in terms of healthcare cost:

- As considered in the past, pharmaceutical manufacturers should be included in the HPC's process and held accountable to the state's Cost Growth benchmark, be called as witnesses at the annual Cost Trends Hearing and be subject to the associated data collection requirements by the HPC, Center for Health Information and Analysis (CHIA), and the Attorney General, just as health plans and providers are today. We back this effort as it is supported by years of cost trend data and would help provide a fuller sense of overall health expenditures.

Administrative Simplification

As the Commonwealth explores policy changes to advance healthcare cost containment, affordability, and health equity, we believe efforts to promote simplification and reduce administrative burden through a thoughtful and flexible approach that is grounded in increased automation will be critical.

We support efforts to reduce administrative burden on providers and health plans through the standardization and automation of key healthcare processes, such as credentialing and prior authorization. Mass General Brigham Health Plan recognizes it is essential that any future state policy preserve flexibility for health plans to implement appropriate cost control measures and avoid an overly prescriptive approach in constraining payment levels, utilization management, and care management methodologies. In our view, too much rigidity in this regard would reduce the ability for health plans and providers to innovate and collaborate on partnerships that will be needed to implement value-based solutions that align incentives and ensure that care that is provided is medically necessary and cost effective. For example, we would suggest that proposals to mandate payment levels to providers be avoided as they could undermine a plan's ability to implement value-based care and constrain more payments to fee-for-service.

Recently, there has been an increase in proposals to severely limit a health plan's ability to implement prior authorizations. We appreciate the need to improve and standardize certain administrative requirements. However, many proposals may have unintended consequences in terms of cost and quality. While a sweeping approach may be appealing to some, it would remove a key lever for health plans to ensure quality care and redirect care to lower cost

sites (e.g., community vs. academic medical centers, office practices vs outpatient departments), a duty we take seriously on behalf of all of our customers.

When employers purchase health insurance coverage for their employees, or when the state or federal government contracts with managed care plans to administer health insurance benefits, they expect health plans to use prior authorization and other utilization management tools to ensure their members can access safe, evidence-based, and cost-effective care at the right time and in the right setting. We want to assure our customers that their health care dollars are not wasted on unnecessary, inappropriate, or even harmful care. The Betsy Lehman Center reports that, in a single year, medical errors accounted for \$617 million in excess costs in Massachusetts. Restricting or eliminating the very tools used to guard against this will remove the vital checks and balances in our healthcare system. At a time when healthcare costs threaten the ability to access care, we must focus on common sense solutions to modernize our healthcare system, such as increased use of automation, standardization, and other flexible approaches to address administrative burden.

Focus on Healthcare Disparities

We also applaud state efforts to improve data collection and to update reporting through an equity lens to better address healthcare disparities. In particular, we are supportive of the Massachusetts Department of Health Quality Measure Alignment Taskforce's work to develop an aligned approach to standardized data collection for race, ethnicity, language, disability status, sexual orientation, gender identity and sex (RELD, SOGI) for use by all payers and providers in the Commonwealth.

As noted, Mass General Brigham Health Plan fully supports Mass General Brigham's commitment to combat racism and to reduce healthcare disparities through the United Against Racism (UAR) initiative, a long-term, multimillion-dollar endeavor to directly address the impacts of racism on patients, employees, and the community. Through UAR, Mass General Brigham has supported equitable solutions that deliver better patient outcomes in a variety of ways. These initiatives include a comprehensive workforce training program and a \$50 million investment in a new, comprehensive community and mental health strategy for the communities we serve.

Shift to Value-Based Care

With the continued rise of healthcare costs, we remain committed to supporting the shift that the state and Centers for Medicare and Medicaid Services (CMS) have been leading from fee-for-service to value-based care – seeking to align providers and health plans to collectively lower healthcare costs and improve outcomes and experiences for members. As part of an integrated healthcare system, we are given the unique opportunity to not only change incentives but to also help influence the delivery system reform needed to translate value to consumers. Assuring excellent member experience is the plan's priority and specific focus as demonstrated in our programs within Medicare Advantage and Medicaid. As an example, we have built out a navigator function for certain products that not only bridges the health plan and the provider to help orient a member to their benefits, but also helps

schedule a timely appointment in the delivery system, reducing the friction for the member in managing their healthcare.

- c. Many Massachusetts health care providers continue to face serious workforce and financial challenges, resulting in the closure and reorganization of care across the Commonwealth. How are these challenges impacting your organization today? What steps is your organization taking to address these challenges?

Many providers are facing unprecedented strain due to ongoing workforce challenges as a result of burnout and staffing shortages, as well as increasing labor and supply costs related to the highest inflation in decades. These economic pressures, combined with an increasing number of patients covered by government programs, have led to significant cost pressures for providers which have been, and will likely continue to be, shifted to commercial payers in terms of rate increase requests for non-affiliated providers.

The workforce challenges in healthcare concerning the mismatch between supply and demand has been well-documented. According to the “Physician Workforce in the United States study, prior the COVID-19 pandemic the U.S. was expected to experience a shortage of 121,300 physicians across the country. In this study, in comparison to other states, Massachusetts had the smallest “shortage ratio” of all the states. That high mark can be attributed to several factors, including the slower population growth in the state. However, the inevitability of growing demand (from an aging population) and falling supply makes the outlook for the state far less certain. Additionally, per capita employment in direct care work fell more quickly in Massachusetts than in the rest of the country and we do not expect a short-term resolution to clinical staff shortages as healthcare labor costs are the largest driver of total healthcare expense.

The workforce challenges that pre-dated the COVID-19 pandemic have accelerated since it began. The increasing gap between supply of care workers and healthcare consumer demand has created several challenges to all stakeholders, including Mass General Brigham Health Plan, and our comments highlight two of those challenges – access to care and operational impact and staffing. The overall impact on the health plan is that we will continue to see inflationary pressure in 2024 as delivery systems compete for healthcare staff. We also anticipate the cost of labor increases experienced by delivery organizations will further degrade the financial stability of many of these organizations.

The first of the workforce challenges relates to access to care. Access to quality and affordable healthcare is of paramount importance to Mass General Brigham Health Plan. Access barriers are most acutely felt when healthcare consumers are trying to establish a new primary care relationship and when they are seeking to engage with behavioral healthcare services. As a health plan, we observe the shortage of healthcare workers in several of the metrics we use to analyze our customer service. Also, we are seeing an increasing number of our members requesting help in finding primary care physicians and the average time the customer service department requires to resolve cases to identify an available primary care provider is increasing. Behavioral health access has been the most critical access issue and exacerbated with the COVID-19 pandemic. We observed an unprecedented number of Mass

General Brigham Health Plan members receiving and requesting care for stress and anxiety disorder for the first time. When access to behavioral health care is compromised and members do not receive the care they need, untreated lower acuity problems can quickly result in higher intensity and more expensive care in the long term. Whether the care is medical or behavioral in nature, delays in accessing quality care will inevitably lead to members presenting in more expensive (e.g., emergency departments) settings, further adding to the overall cost of care.

Steps we are taking to address healthcare workforce challenges in the delivery system:

Mass General Brigham Health Plan's approach is to adopt pragmatic actions to mitigate the workforce challenges. In conjunction with our provider partners, we are undertaking the following actions:

1. Adopting policy and process innovations to streamline access to care
 - a. Continuously evaluating utilization management and prior authorization practices to ensure that the benefits outweigh the administrative resource consumption required by providers to comply with our requirements
 - b. Real-time decisions on many prior authorization requests
 - c. Encouraging our provider partners to expand the use of mid-level professionals
 - d. Working to eliminate barriers to sharing clinical information between Mass General Brigham Health Plan and its provider partners
2. Launching partnerships to expand behavioral health options
 - a. Offering innovative self-service options for members who may be served without engaging clinicians or therapists
 - b. Offering lower intensity services (e.g., coaching) which would preserve access to the already scarce clinical resources

The second workforce challenge we face relates to fulfilling our staffing needs for health plan operations. The COVID-19 pandemic changed the workplace dynamic, and the healthcare workforce challenge described above have added to that challenge. In both the clinical and administrative side of the business, the market forces applying inflationary pressure impacts our ability to recruit and retain the staff necessary to support members clinically and to provide the non-clinical services that members, employer sponsors, and our provider partners rely upon.

In alignment with our industry's job market, Mass General Brigham Health Plan experienced historically high vacancy rates of positions during calendar years 2022 and 2023. The average time to fill an open position also increased in comparison to historical averages. As we approach the end of 2023, these metrics have improved slightly, but continue to mirror overall trends in healthcare workforce challenges.

The downstream implications of workforce shortage are felt most directly within the highly skilled positions in clinical operations (e.g., care management nurses) where we compete with other provider organizations who are seeking the same labor supply. In administrative functions, retaining and attracting talent in highly specialized functions (e.g., information technology, risk adjustment) results in rapidly increasing wage expenses.

Steps Mass General Brigham Health Plan is taking to address our health plan staffing:

1. Flexible human resource policies to expand workforce supply
 - a. Expanding policies for hybrid work
 - b. Expanding across the U.S for fully remote work, wherever possible
 2. Technology
 - a. Expanding use of robotic process automation (RPA) to support transaction processing
 - b. Expanding use of machine learning to discover members experiencing suboptimal experiences
- d. Please identify and briefly describe the policy changes your organization recommends to promote the stability and equitable accessibility of health care resources in Massachusetts?

Social Determinants of Health

We are fully aware of the enormous impact of social determinants of health (SDOH), such as access to food, housing, education, transportation, and other factors outside the healthcare system. We urge all relevant state agencies to continue their focus on policies that address these upstream drivers of health. Mass General Brigham Health Plan is in the unique position of being a member of the integrated Mass General Brigham delivery system. We strive to align our priorities to ensure we are meeting the needs of our members and patients, whether they are being delivered through the health plan or the delivery system as a whole. Mass General Brigham Health Plan believes that every resident of Massachusetts deserves affordable, equitable, high-quality health care and coverage. We are proud to serve some of the state's most vulnerable residents – populations that face significant health disparities, including low-income adults, pregnant women, children, elderly adults, and people with disabilities. We have a clear understanding that these health disparities are not new and that they were exacerbated during the COVID-19 pandemic, as diverse populations had higher rates of infection and death than others. As noted above, we have a longstanding legacy of supporting health equity by addressing SDOH through our care management as well as our comprehensive approach through the Your Care Circle program. We recognize there is more work to be done, especially through our growing role in MassHealth. In fact, we are currently pursuing Health Equity Accreditation through the National Committee for Quality Assurance (NCQA), and we intend to be accredited by 2025. This will serve as a framework to expand upon health plan performance in health equity. To date, Mass General Brigham Health Plan has completed a gap analysis and readiness review among the 21 Health Equity standards in the following areas: member data, hiring/recruiting practices, member language needs and preferences, provider network data and responsiveness and culturally and linguistically appropriate services program. In the upcoming months, we will address gaps in these areas to meet accreditation standards.

To make further improvements in addressing SDOH and to build upon the recent 1115 waiver, Mass General Brigham Health Plan relays our directional support for the following policy changes and enhancements to promote the stability and equitable accessibility of healthcare resources in Massachusetts

- Increase access to school-based services, including mental health and substance use services, with a special emphasis in substance use prevention

- Support policies that increase access to mental health services to underserved populations
- Increase culturally and linguistically appropriate services, education campaigns, and resources for providers
- Increase resources to address SDOH, especially housing, education attainment, and food insecurity for underserved communities
- Expand access to subsidized childcare and affordable/free transportation
- Increase resources to support Community Care Vans for health screenings, especially for underserved communities
- Increase programs that promote active living
- Require providers to submit Race Ethnicity Language Disability (RELD) /Sexual Orientation, Gender Identity (SOGI) data as a condition of licensure (the collection of this data is currently voluntary on the part of the providers)
- Provide focused and coordinated state governance on the issue of health equity/SDOH through a dedicated and coordinated office with authority to prioritize the efforts and expand resources where needed.

UNDERSTANDING TRENDS IN MEDICAL EXPENDITURES

- a. Please complete a summary table showing actual observed allowed medical expenditure trends in Massachusetts for calendar years 2019 to 2022 according to the format and parameters provided and attached as **HPC Payer Exhibit 1** with all applicable fields completed. Please explain for each year 2019 to 2022, the portion of actual observed allowed claims trends that is due to (a) changing demographics of your population; (b) benefit buy down; (c) and/or change in health status/risk scores of your population. Please note where any such trends would be reflected (e.g., unit cost, utilization, provider mix, service mix trend). To the extent that you have observed worsening health status or increased risk scores for your population, please describe the factors you understand to be driving those trends.

Our expenditure trends summary table is below and attached as **HPC Payer Exhibit 1 – Mass General Brigham Health Plan**. The changes in risk from 2020 - 2021 reflect the post-pandemic bounce back of utilization, when many members deferred care, so appropriate risk was not captured in 2020, and then returned to care with increased morbidity due to deferral of care. Risk remained relatively stable from 2021 - 2022.

Lower utilization in 2022 is driven by lower COVID-19-related laboratory and vaccination utilization, which is also driving the mix of services higher.

Year	Unit Cost	Utilization	Mix	Total	Change in Risk	RA TME Trend
CY 2019	6.4%	3.1%	0.7%	10.5%	0.6%	9.8%
CY 2020	1.0%	-6.4%	2.5%	-3.1%	-6.0%	3.1%
CY 2021	1.6%	15.7%	-5.8%	10.7%	10.0%	0.6%
CY 2022	2.1%	-2.8%	4.7%	3.9%	-0.1%	4.0%

- b. Reflecting on current medical expenditure trends your organization is observing in 2023 to date, which trend or contributing factor is most concerning or challenging?

As we review more recent emerging trends, prescription drug costs remain one of the largest drivers of total cost of care trend. In addition to continued increases in cost and utilization of specialty pharmacy–delivered both in the retail pharmacy setting and in medical settings—we are seeing an increased utilization of new diabetes and obesity management drugs. Finally, the commercialization of COVID-19-related vaccinations and treatments is likely to significantly increase the cost of these agents. While we continue to look for strategies to reduce costs, including pharmacy benefit management contracting, utilization management such as, step therapies, preferred biologic equivalents and site of service direction, continued increase in prescription drug costs is likely to continue.

Additionally, the introduction of multimillion-dollar, life-saving gene and cell-based therapies has had an impact on health plan trends. These medical breakthroughs come with extremely

high price tags. As of June 30, 2023, there were at least seven approved therapies with estimated costs over \$2 million each. More therapies are in the pipeline and are expected to be approved in 2024. As a health plan that offers access to some of the premier medical research institutions in the country, the medical needs of our membership may drive higher costs than average. While year-to-year variation can be mitigated through private reinsurance mechanisms, and value-based contracts can tie reimbursement to outcomes-measures, the incremental costs of these therapies must be absorbed in the overall trend. Finally, continued pressure on provider financials, including wages and inflationary costs, are placing upward cost pressures on provider rates. As we enter into negotiations with many provider systems, we are facing challenges in negotiations, which can impact providers' ability to remain within the current HPC health care cost growth benchmark, while maintaining critical access for our shared patients and members.

QUESTION FROM THE OFFICE OF THE ATTORNEY GENERAL

Chapter 224 of the Acts of 2012 requires payers to provide members with requested estimated or maximum allowed amount or charge price for proposed admissions, procedures, and services through a readily available “price transparency tool.” In the table below, please provide available data regarding the number of individuals that sought this information.

Health Care Service Price Inquiries Calendar Years (CY) 2021-2023			
Year		Aggregate Number of Inquiries via Website	Aggregate Number of Inquiries via Telephone or In- Person
CY2021	Q1	854	376
	Q2	594	210
	Q3	640	85
	Q4	1232	112
CY2022	Q1	1818	99
	Q2	3277	112
	Q3	2677	125
	Q4	2417	112
CY2023	Q1	6415	165
	Q2	6258	74
	TOTAL:	26,182	1470

HPC Payer Exhibit 1 Mass General Brigham Health Plan

****All cells should be completed by carrier****

Actual Observed **Total Allowed Medical Expenditure** Trend by Year

Fully-insured and Self-insured product lines

Year	Unit Cost	Utilization	Provider Mix	Service Mix*	Total	Change In Risk	Adjusted TME T
CY 2019	6.4%	3.1%	n/a	0.7%	10.5%	0.6%	9.8%
CY 2020	1.0%	-6.4%	n/a	2.5%	-3.1%	-6.0%	3.1%
CY 2021	1.6%	15.7%	n/a	-5.8%	10.7%	10.0%	0.6%
CY 2022	2.1%	-2.8%	n/a	4.7%	3.9%	-0.1%	4.0%

Note: We are not able to separate provider mix and service mix. Both elements are included in mix of services.

1. ACTUAL OBSERVED TOTAL ALLOWED MEDICAL EXPENDITURE TREND should reflect the best estimate of historical actual allowed trend for each year divided into components of unit cost, utilization, , service mix, and provider mix. These trends should not be adjusted for any changes in product, provider or demographic mix. In other words, these allowed trends should be actual observed trend. **These trends should reflect total medical expenditures which will include claims based and non claims based expenditures.**
2. PROVIDER MIX is defined as the impact on trend due to the changes in the mix of providers used. This item should not be included in utilization or cost trends.
3. SERVICE MIX is defined as the impact on trend due to the change in the types of services. This item should not be included in utilization or cost trends.
4. Trend in non-fee for service claims (actual or estimated) paid by the carrier to providers (including, but not limited to, items such as capitation, incentive pools, withholds, bonuses, management fees, infrastructure payments) should be reflected in Unit Cost trend as well as Total trend.